

Message Text

CONFIDENTIAL

PAGE 01 STATE 165873
ORIGIN EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 SSO-00 NSCE-00 INRE-00
ICAE-00 AID-05 CEA-01 CIAE-00 COME-00 EA-10
FRB-03 INR-10 NEA-11 NSAE-00 OPIC-03 SP-02
TRSE-00 LAB-04 SIL-01 OMB-01 SS-15 XMB-02 STR-07
/109 R

DRAFTED BY EB/OT/STA:C H BLUM:CMS
APPROVED BY EB/ITP:W BARRACLOUGH
EB/OT/STA - T F O'HERRON
EUR/RPE - E CASEY
STR - R HEIMLICH
COMMERCE - F ABBUHL (SUBS)
LABOR - B TURNER (SUBS)
TREASURY - J RAY (SUBS)
CEA - J SHAFER (SUBS)
-----094952 292224Z /61
O R 292134Z JUN 78
FM SECSTATE WASHDC
TO AMEMBASSY BRUSSELS IMMEDIATE
INFO USMISSION GENEVA
AMEMBASSY PARIS

C O N F I D E N T I A L STATE 165873

USEEC/USOECD

E.O. 11652:GDS

TAGS: ETRD, US, EEC

SUBJECT: DRAFT RESOLUTION ON STEEL

REFS: A) BRUSSELS 12391, B) PARIS 18467, C) PARIS 18481

1. SINCE EC COMMISSION HAS HELD CONSULTATIONS WITH
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 165873

MEMBER STATES, MISSION IS REQUESTED TO INFORM LOEFF THAT
WE ARE PREPARED TO OFFER THE FOLLOWING PACKAGE OF CHANGES
IN THE DRAFT RESOLUTION. HOPEFULLY THESE CHANGES WILL HELP
TO ALLAY SOME MEMBER STATE CONCERNS WHILE MAINTAINING A
BALANCE WHICH IS ESSENTIAL FOR US TO MEET OUR DOMESTIC
NEEDS. PLEASE TRANSMIT PROPOSED PACKAGE OF CHANGES TO
LOEFF ASAP AND CONVEY OUR OFFER TO MEET, IF NECESSARY,

WITH EC (AND, IF EC BELIEVES IT HELPFUL, WITH JAPAN) IN THE NEAR FUTURE TO IRON OUT ANY REMAINING DIFFERENCES. HEIMLICH AND BARRACLOUGH WILL BE AT MTN IN GENEVA AND WOULD BE PREPARED TO TALK WITH LOEFF THERE.

2. WE ARE PREPARED TO DELETE FROM THE DRAFT PARAS 7, 8, AND 9 OF THE INITIAL COMMITMENTS SECTION (REF B), THUS DROPPING ALL REFERENCE TO ARTICLE XIX. IN ADDITION WE ARE PREPARED TO DROP WHAT WE REGARD AS THE MOST TROUBLESOME PHRASE FROM THE EXPORT CREDITS LANGUAGE (PARA B, REF B) SO THAT IT WOULD READ: BEGIN QUOTE. THE MEMBERS OF THE STEEL

COMMITTEE AGREE THAT THEY WILL AVOID ANY FORM OF COMPETITIVE SUBSIDIZATION OF EXPORTS OF NEW STEELMAKING PLANT AND EQUIPMENT AND THAT THE POLICIES OF GOVERNMENT EXPORT CREDIT INSTITUTIONS REGARDING STEEL PLANTS SHOULD BE FULLY CONSISTENT WITH THE INTERNATIONAL UNDERSTANDING DEVELOPED IN THE OECD. END QUOTE.

3. WE COULD NOT ACCEPT PLACING A LIMIT ON THE LIFE OF THE STEEL COMMITTEE NOR ON THE PARTICIPATION OF NON-OECD MEMBERS, SINCE WE DO NOT VIEW THE PROBLEMS OF THE STEEL INDUSTRY AS HAVING ANY CLEAR TEMPORAL OR GEOGRAPHIC BOUNDARIES. WE ARE PREPARED, HOWEVER, TO AGREE AT THIS POINT TO PLACING THE STEEL COMMITTEE IN THE OECD FRAMEWORK PROVIDED THAT A) IT IS ESTABLISHED UNDER PART II OF THE CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 165873

BUDGET AND B) PARTICIPATION BE LEFT OPEN TO NON-OECD MEMBERS. WE BELIEVE THAT BY PLACING COMMITTEE UNDER PART II OF OECD BUDGET, EC'S CONCERNS OVER DURATION WOULD BE EASED, AS DISCUSSED WITH LOEFF IN PARIS. IN ADDITION, BY PLACING THE COMMITTEE IN PART II OF THE BUDGET, THE PRECEDENTIAL IMPLICATIONS OF INVITING NON-OECD COUNTRIES TO PARTICIPATE MAY BE MORE EASILY MANAGED. ALONG THESE LINES, WE PROPOSE TO: A) RE-TITLE THE MEMBERSHIP SECTION (PARA 7, REF C) AS BEGIN QUOTE PARTICIPATION END QUOTE, AND B) REVISE THAT PARA TO READ: BEGIN QUOTE PARTICIPATION IN THE STEEL COMMITTEE WILL BE OPEN TO OECD COUNTRIES AND TO INVITED NON-OECD COUNTRIES WITH EITHER SUBSTANTIAL STEEL PRODUCTION OR TRADE INTERESTS, PROVIDED THAT SUCH NON-OECD COUNTRIES AGREE TO UNDERTAKE BASICALLY THE SAME COMMITMENTS MADE BY OTHER MEMBER COUNTRIES ON THE COMMITTEE. THE COMMITTEE MAY DECIDE WHEN ANY NON-OECD COUNTRIES THAT MEET THE ABOVE REQUIREMENTS WILL BE INVITED TO TAKE PART IN THE COMMITTEE'S WORK, AND WITH WHAT STATUS. END QUOTE. WE WANT A CLEAR UNDERSTANDING WITH THE EC AND JAPAN THAT THEY WILL SUPPORT INVITING OF NON-OECD MEMBERS .

4. IN ORDER TO MAKE THE CHANGES PROPOSED ABOVE AND THE

REMOVAL OF BRACKETS FROM PARA 4 OF INITIAL COMMITMENTS
ACCEPTABLE TO US, WE WOULD REQUIRE THE FOLLOWING CHANGES:
A) DELETE THE PHRASE BEGIN QUOTE IN CONFORMITY WITH GATT
RULES END QUOTE FROM PARA 3 OF INITIAL COMMITMENTS; B) ADD
TO THAT PARA BEGIN QUOTE THE MEMBERS AGREE TO CONSULT ON
ANY TRADE ACTION OF INTEREST TO ANOTHER MEMBER END QUOTE;
AND C) INSERT AFTER BEGIN QUOTE TRADITIONAL TRADE FLOWS
END QUOTE IN PARA 4 OF INITIAL COMMITMENTS THE PHRASE
BEGIN QUOTE ESTABLISHED UNDER NORMAL CONDITIONS OF
COMPETITION END QUOTE.

5. WE ALSO PROPOSE AMENDING INITIAL WORK PROGRAM BY A)

ADDING AS A FIFTH POINT BEGIN QUOTE GOVERNMENT EXPORT
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 165873

CREDITS EXTENDED INTERNATIONALLY FOR STEEL PLANTS AND
EQUIPMENT END QUOTE; AND B) ADDING AS A SIXTH POINT BEGIN
QUOTE GUIDELINES FOR STEEL TRADE ACTIONS END QUOTE. IN
ADDITION, WE WOULD LIKE THE COMMISSION TO AGREE TO
SEVERAL CHANGES THAT ARE LARGELY STYLISTIC BUT TO WHICH
THE U.S. INDUSTRY ATTACHES SOME IMPORTANCE: A) IN ITEM 2
UNDER COMMITTEE FUNCTIONS (REF C) SUBSTITUTE BEGIN QUOTE
INPUT COSTS END QUOTE FOR BEGIN QUOTE PRODUCTION COSTS END
QUOTE; B) IN PARA 2 OF INITIAL COMMITMENTS SUBSTITUTE
BEGIN QUOTE PRACTICABLE END QUOTE FOR BEGIN QUOTE POSSIBLE
END QUOTE; C) DROP THE PHRASE BEGIN QUOTE IN ORDER TO
FACILITATE STRUCTURAL ADAPTATION END QUOTE FROM PARA C OF
INITIAL COMMITMENTS; AND D) IN EXPORT RESTRICTIONS
LANGUAGE (PARA 3, REF B) INSERT AFTER BEGIN QUOTE WHEN END
QUOTE IN FIRST SENTENCE BEGIN QUOTE ACTUAL OR THREATENED
END QUOTE. VANCE

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: STEEL, AGREEMENT DRAFT, RESOLUTIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 29 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE165873
Document Source: CORE
Document Unique ID: 00
Drafter: C H BLUM:CMS
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780269-0955
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t1978066/aaaaaezo.tel
Line Count: 152
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: f45e3289-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 BRUSSELS 12391, 78 PARIS 18467, 78 PARIS 18481
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 18 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2353564
Secure: OPEN
Status: NATIVE
Subject: DRAFT RESOLUTION ON STEEL
TAGS: ETRD, US, EEC
To: BRUSSELS USEEC MULTIPLE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/f45e3289-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014